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OFFICE OF THE COMPTROLLER  
CITY OF ST. LOUIS



DARLENE GREEN  
Comptroller

*Internal Audit Section*

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November 30, 2006

Nicholas B. Clifford, President  
Board of Directors  
Gateway Homeless Services, formerly  
Christian Service Center  
1000 N. 19<sup>th</sup> Street  
St. Louis, MO 63106

RE: Fiscal Monitoring Report of Christian Service Center, Homeless Shelter  
Program (#2007-AHC01) (Contract #30-05G)

Dear Mr. Clifford:

Enclosed is a report of our fiscal monitoring review of the Christian Service Center (Document #50226) for the period January 1, 2005 through January 31, 2006. The scope of a fiscal monitoring review is substantially less than an audit, and as such, we do not express an opinion on the financial operations of Christian Service Center. Our fieldwork was completed on October 25, 2006.

This review was made under authorization contained in Section 2, Article XV of the Charter, City of St. Louis, as revised and through an agreement with the Affordable Housing Commission to provide fiscal monitoring to all grant subrecipients. If you have any questions, please contact Charles Schroeder at 589-6089.

Sincerely,

A handwritten signature in cursive script that reads "Sedrick D. Blake".

Sedrick D. Blake, CPA  
Internal Audit Executive

Enclosure

cc: Robert Nelson, Executive Director, Gateway Homeless Services  
Angela Morton Conley, Executive Director, Affordable Housing Commission



# CITY OF ST. LOUIS

*AFFORDABLE HOUSING COMMISSION*

*GATEWAY HOMELESS SERVICES*

*DOCUMENT #50226*

*CONTRACT #30-05G*

*FISCAL MONITORING REVIEW*

*JANUARY 1, 2005 THROUGH JANUARY 31, 2006*

*PROJECT #2007-AHC1*

*DATE ISSUED: NOVEMBER 30, 2006*

*Prepared by:  
The Internal Audit Section*



# OFFICE OF THE COMPTROLLER

*HONORABLE DARLENE GREEN, COMPTROLLER*

**CITY OF ST. LOUIS  
AFFORDABLE HOUSING COMMISSION (AHC)  
CHRISTIAN SERVICE CENTER  
DOCUMENT #50226  
FISCAL MONITORING REVIEW  
JANUARY 1, 2005 THROUGH JANUARY 31, 2006**

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AFFORDABLE HOUSING COMMISSION (AHC)  
CHRISTIAN SERVICE CENTER  
DOCUMENT #50226  
FISCAL MONITORING REVIEW  
JANUARY 1, 2005 THROUGH JANUARY 31, 2006**

**INTRODUCTION**

**Background**

**Contract Name:** Christian Service Center

**Document Number:** 50226

**Contract Number:** 30-05G

**Contract Period:** January 1, 2005 through January 31, 2006

**Contract Amount:** \$650,000

This contract provided funds to Christian Service Center to provide temporary shelter and basis services for homeless persons who are legal residents of the City of St. Louis.

**Purpose**

The purpose of this fiscal monitoring review was to determine Christian Service Center's (Document #50226) compliance with local Affordable Housing Commission requirements for the period January 1, 2005 through January 31, 2006 and make recommendations for improvements.

**Scope and Methodology**

We made inquiries regarding Christian Service Center's internal controls relating to the grant administered by the Affordable Housing Commission (AHC), tested evidence supporting the reports the Agency submitted to AHC and performed other procedures considered necessary. Our fieldwork was completed on October 25, 2006. Management's responses were received on November 14, 2006 and have been incorporated into this report.

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**CONCLUSION AND SUMMARY OF OBSERVATIONS**

**Conclusion**

Christian Service Center did not fully comply with local AHC requirements.

**Status of Prior Observations**

This is the first fiscal monitoring review for the Affordable Housing Commission Program for Christian Service Center. Therefore, the Agency does not have prior observations.

**Summary of Current Observations**

We made recommendations for the following observations, which if implemented, could assist Christian Service Center in fully complying with local Affordable Housing Commission requirements.

1. The Agency did not maintain adequate time reports for hourly employees.
2. The Executive Director signed a disbursement check made out to him.

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**DETAILED OBSERVATIONS, RECOMMENDATIONS, AND  
MANAGEMENT'S RESPONSES**

**1. The Agency did not Maintain Adequate Time Reports for Hourly Employees**

Sound internal controls would require the Agency to maintain adequate time records for all employees. The Agency uses a time clock for hourly employees to clock in and out of work. During our review, we noted that pay periods were written on top of the card, but the month stamped on the card was not consistent with the time period. We also noted that some of the end times were handwritten and not approved by management. These time cards also did not show documentation of management approval. This can result in erroneous financial reporting, because time spent and level of effort to the program is not properly documented.

**Recommendation**

We recommend the Agency fix the time clock or develop a new method to record time worked by employees.

**Management's Response**

*The observation by the Fiscal Monitors regarding the agency's time clock was accurate. The time clock has now been repaired. It was observed by the Fiscal Monitors that "some of the end times were handwritten and not approved by management." While some of the entry/exit times were handwritten, all such entries were initialed or otherwise approved by management. It was observed by the Fiscal Monitors that "these time cards also did not show documentation of management approval." The system employed by the agency is such that the Operations Director calculates all time in pencil. All times are then checked by the executive director in red ink, and the totals are recorded in red ink. Such indicates management monitoring and approval.*

**Auditor's Response**

The approving officer's signature on time reports would enhance internal controls.

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**DETAILED OBSERVATIONS, RECOMMENDATIONS, AND  
MANAGEMENT'S RESPONSES**

**2. The Executive Director Signed a Disbursement Check Made out to Himself**

Sound internal controls would require the Agency to have an adequate amount of authorized check signers for any check payable to an Officer of the Agency, who is also an authorized check signer, to avoid any sign of impropriety. The Executive Director signed for a \$1,500 expense check made payable to himself. This check was for one-half of the Director's annual expense allowance according to the check memo. There was no other supporting documentation in the files. We noted this was a direct violation of the Agency's policies and procedures. This gives the appearance of a lack of internal controls for disbursements.

**Recommendation**

We recommend the Agency require two different signatures made payable to any officer of the Agency.

**Management's Response**

*The observation by the Fiscal Monitors regarding this check is accurate. It should be noted that all checks are accompanied by complete supporting documentation. During the period monitored, the agency was without a business manager who normally handled the issuance of these types of checks. This matter is in the process of being rectified.*

**Auditor's Comment**

Disbursement checks, such as the above expense, made payable to the Executive Director, Director of Operations or the Office Manager should be approved by a member of the Board of Directors, for example, the President or the Treasurer. This should be documented.